



HUMAN RESOURCES

SPECIAL FEATURE

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 **Business Advantage**
INTERNATIONAL

WANTED: local talent

A recent human resources survey has revealed, among other things, that there are great opportunities for Papua New Guinean managers. *David James* reports.

A survey of human resources in Papua New Guinea has found that the country could make big gains by using its people better. But there are significant skill shortages, especially in management and the professions.

The survey, entitled *Fulfilling the land of opportunity: How to grow employment in Papua New Guinea*, was conducted jointly by Deloitte and the United Nations Development Program (UNDP). It has identified key areas where PNG has an opportunity to improve.

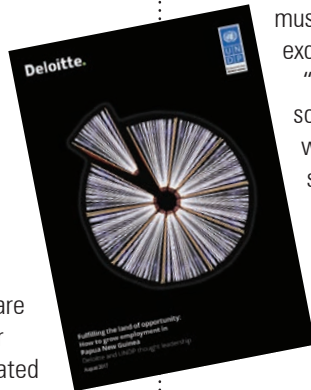
"It is estimated that some 2.5 million people work in the informal economy, compared to only around 500,000 in the formal sector. Transferring even a modest share of those in the informal sector to the formal sector would create considerable economic gains, in terms of productivity and tax revenue," the report says.

"Second, PNG has an extremely large and growing young population, with over 40 per cent of the population under the age of 15 and thus expected to enter the labour market in some form (be it formal or informal) within the next decade."

The report says that women are under-represented in the labour force, only making up an estimated 27 per cent of the total.



PICTURE: PACIFIC PALMS PROPERTY



"For an economy to thrive, women must be given the opportunity to excel," the report says.

"PNG is rich in culture and social diversity. This diversity, when fused and endowed with sufficient capacity, will be able to spur innovation, creativity and problem solving."

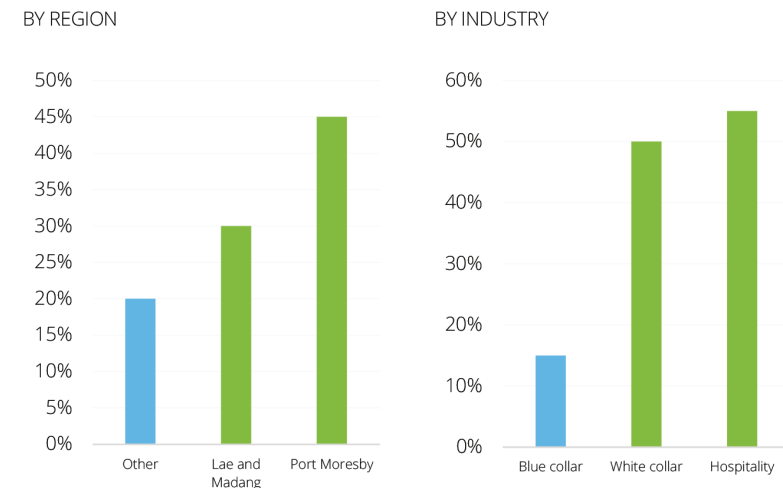
The report found that 51 per cent of businesses are currently hiring, although 60 per cent do not expect their headcount to increase in a

year's time. Nearly 40 per cent of businesses who reported they were hiring staff do not expect their headcount to increase over the next year.

"In other words, 40 per cent of staff recruited today will make no net addition to headcount in 12 months' time, as they are either replacing staff who have already left (or are intending to leave in the next 12 months), or they themselves are expected to leave within 12 months," the report says.

"This can broadly be considered as PNG's turnover rate."

Businesses in which females account for 50% or more of workforce



The report estimates that, nationwide, staff turnover is 38 per cent. This compares with 16 per cent in Australia. It says high turnover rates are a considerable cost to business and to the broader economy.

"Businesses need to invest resources into hiring staff, and having to repeat the process reduces capacity and incentive to hire new staff. High turnover rates also affect the willingness of companies to invest in staff

training, due to the concern they will not be able to retain the staff for long enough to capture the gain. This was confirmed by training institutes that noticed a preference by some

"Papua New Guinean talent at management level is under increasing demand. Salaries are being reviewed upwards as the competition for local talent increases."





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HOW TO CREATE A MORE STABLE WORKFORCE

Good human resource practices can greatly improve retention rates and company performance in Papua New Guinea, according to Calum Smith, Australasian vice president for international workforce solutions provider Airswift. He says the key is to establish sound processes.

“By implementing a good recruitment process for both non-citizens (cultural alignment and ability to train) and citizens means that many of our clients have much lower attrition rates than the average.

“Because of improving technology infrastructure, most notably with the internet, PNG is catching up with its nearest neighbours in terms of

learning management system (LMS) usage. This is allowing organisations to bring their PNG staff up to international standard more easily in terms of company training.

“In the past six months we have seen improvements in hiring rates for both citizens and non-citizens. With APEC 2018, and a number of smaller capital development projects in the near term, I do expect a relatively positive 12 months ahead – although we won’t be returning to PNG LNG hiring rates anytime soon there will still be growth.

“Overall I am cautiously optimistic about the employment market in PNG.”



Calum Smith ... optimistic about PNG's employment market.

Scott Roberts, general manager of human resources firm Rubicor Technical, says that big companies do their own development and training, but small and medium enterprises usually lack the resources to invest in development.

“Businesses are always looking for people who can lead others and, of course, the standards

that are applied to that are high,” he says.

“The public service is investing in a values-based leadership development program; they are really having to start at basics. It has merit, and should be supported.”

Roberts says there has been something of a brain drain in PNG, especially in the resources sector. But he does see some people returning home. “There are many examples of success over the years and there are plenty of Papua New Guineans who seem to do quite well internationally in technical, professional and leadership roles.”

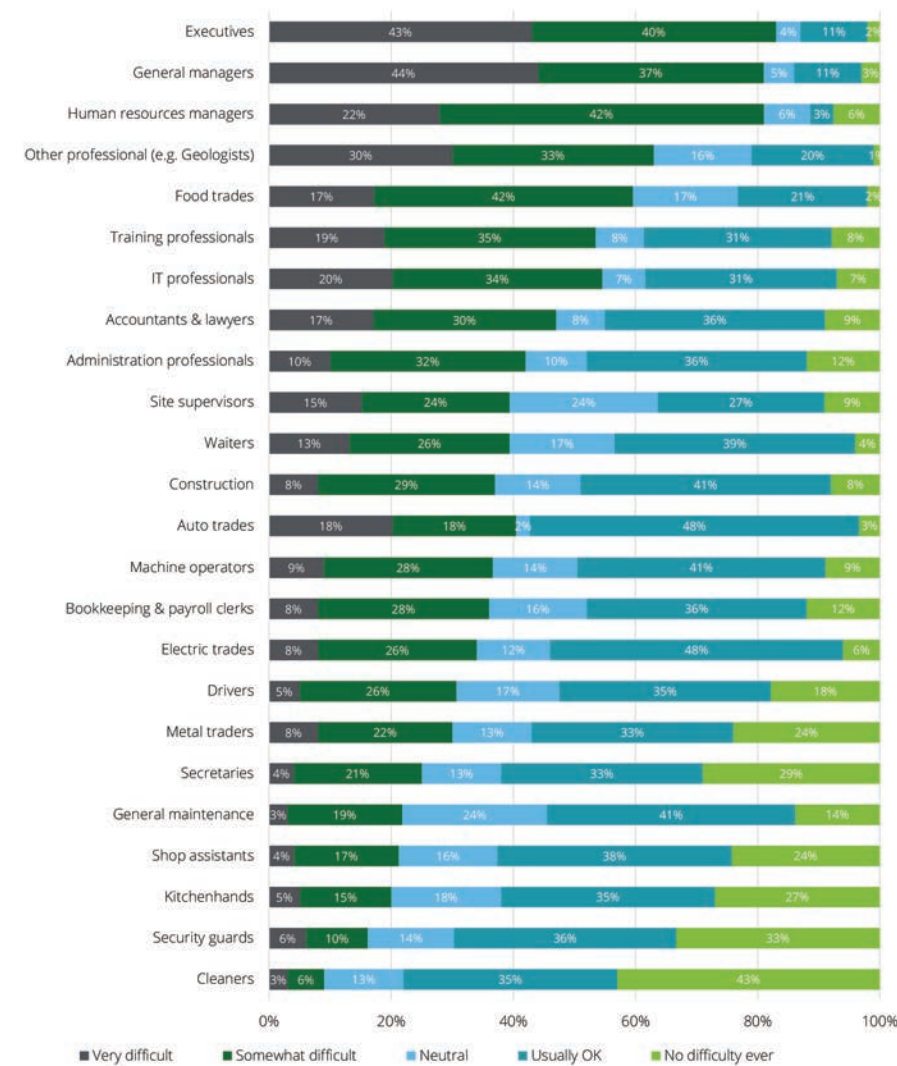
— DAVID JAMES

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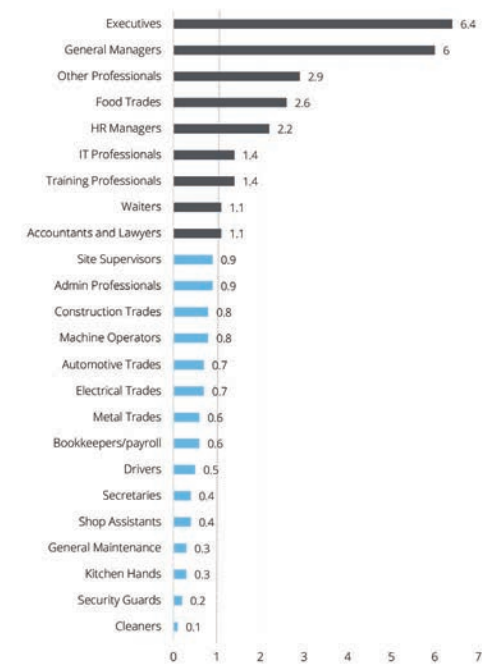
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Extent of recruitment difficulties, detailed occupations



PNG skill needs index



The Deloitte survey selected 23 common occupations and asked respondents to rate how difficult it is to source each occupation locally

The PNG skill needs index has been compiled by calculating the ratio of those indicating that they do experience difficulty hiring a particular occupation, to those who indicate that they do not.

A ratio of 1 means the number of businesses that do have trouble hiring a particular skill matches the number that do not.

companies to recruit already qualified individuals rather than invest in developing one.

“This behaviour can cause a race to the bottom, whereby incentives to delay, or simply not provide, training at a firm level can lead to sub optimal outcomes at an economy wide level.”

The report looks at sector-specific issues. Eighty per cent of businesses surveyed identified skill shortages as a reason not to hire. In the wholesale, hospitality and retail sectors, however, the level was 93 per cent.

The report found that jobs in management and professional services are the most difficult to fill. It says the more specialised and highly skilled an occupation is, the more difficult it is to find that occupation in PNG.

“While larger firms can get around skills shortages by importing labour, small firms are more constrained by the local labour market.”

There are also some geographical differences, the report says. “At present, Port Moresby based businesses are unambiguously more inclined to hire than businesses based outside of Port

Moresby, and white collar businesses are unambiguously more inclined to hire than blue collar businesses.”

Boosting locals is vital over time, the report says. “In the short term, the use of foreign labour is essential to the continuation of Papua New Guinea’s growth and development agenda.

“However, in the long term, it is critical to ensure that only those skills for which there is no local equivalent are brought into the country. Developing a national skill needs list is a key first step in this regard.”

